

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 8, 2021

Bascom Apartments, located at 3090 South Bascom Avenue in San Jose, requested and is being recommended for a reservation of \$3,062,012 in annual federal tax credits and \$17,533,058 in total state tax credits to finance the new construction of 77 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Affirmed Housing Group, Inc. and will be located in Senate District 15 and Assembly District 28.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-593

Project Name Bascom Apartments
Site Address: 3090 South Bascom Avenue
San Jose, CA 95124 County: Santa Clara
Census Tract: 5027.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,062,012	\$17,533,058
Recommended:	\$3,062,012	\$17,533,058

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Bascom Affordable Housing, L.P.
Contact: Jimmy Silverwood
Address: 13520 Evening Creek Drive North, Suite 160
San Diego, CA 92128
Phone: 858-679-2828
Email: james@affirmedhousing.com

General Partner(s) or Principal Owner(s): AHG Bascom, LLC
Compass for Affordable Housing
General Partner Type: Joint Venture
Parent Company(ies): Affirmed Housing Group, Inc.
Compass for Affordable Housing
Developer: Affirmed Housing Group, Inc.
Bond Issuer: City of San Jose
Investor/Consultant: Red Stone Equity Partners
Management Agent: Solari Enterprises, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 79
 No. / % of Low Income Units: 77 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-Based Vouchers (16 units - 21%)

Information

Housing Type: Special Needs
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 34	44%
40% AMI: 5	6%
50% AMI: 4	5%
60% AMI: 34	44%

Unit Mix

46 SRO/Studio Units
 16 1-Bedroom Units
 12 2-Bedroom Units
 5 3-Bedroom Units

 79 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 SRO/Studio	30%	\$870
11 SRO/Studio	30%	\$870
3 SRO/Studio	50%	\$1,450
19 SRO/Studio	60%	\$1,602
3 1 Bedroom	30%	\$931
5 1 Bedroom	40%	\$1,242
8 1 Bedroom	60%	\$1,863
5 2 Bedrooms	30%	\$1,119
1 2 Bedrooms	50%	\$1,865
5 2 Bedrooms	60%	\$1,959
2 3 Bedrooms	30%	\$1,292
2 3 Bedrooms	60%	\$2,584
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,579,285
Construction Costs	\$44,987,117
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,187,598
Soft Cost Contingency	\$244,223
Relocation	\$0
Architectural/Engineering	\$2,275,000
Const. Interest, Perm. Financing	\$2,855,000
Legal Fees	\$240,000
Reserves	\$300,000
Other Costs	\$2,770,768
Developer Fee	\$3,500,000
Commercial Costs	\$300,000
Total	\$67,238,991

Residential

Construction Cost Per Square Foot:	\$698
Per Unit Cost:	\$847,329
True Cash Per Unit Cost*:	\$834,727

Construction Financing

Source	Amount
Boston Capital Finance	\$35,672,716
Santa Clara County	\$14,220,000
Tax Credit Equity	\$17,346,275

Permanent Financing

Source	Amount
Boston Capital	\$9,270,288
Santa Clara County	\$15,800,000
Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$41,168,703
TOTAL	\$67,238,991

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$58,884,837
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$76,550,288
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,062,012
Total State Credit:	\$17,533,058
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.89100
State Tax Credit Factor:	\$0.79200

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The total development cost per unit is \$851,126. The applicant noted the cost is attributed to demolition of a vacant commercial building, furnishings for the 39 homeless units, and construction costs for below-grade parking.

Projects with subsidies from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant’s use of the CUAC is subject to approval by HUD.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.